



State and Local Capacity Building

SIPs and SEPs and the Opportunities for Green Power

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State & Local Capacity Building Branch**



Overview

- **What are states facing**
- **Addressing RE in SIPs, SEPs**
- **Common issues**
- **State actions**
- **EPA products**
- **Conclusion**



What are states facing?

- **States develop air quality plans (SIPs) for criteria air pollutants**
 - ◆ Impact to air quality from the production of energy (through fossil fuel)
 - ◆ New air quality standards
- **Multiple emissions programs**
- **Enforcement actions**
- **“Low hanging fruit” picked**
 - ◆ EPA - guidance, tools



What must state officials consider?

- **Emissions reductions that are:**
 - ◆ **Quantifiable**
 - ◆ **Surplus**
 - ◆ **Enforceable**
 - ◆ **Permanent**
 - ◆ **Geographically relevant**



How can states currently address RE in SIPs?

- **Under cap & trade**
 - ◆ As part of a set-aside (Set-aside guidance)

- **Outside a cap & trade (two options)**
 - ◆ As part of emission baseline/projections (Emission projections guidance)

 - ◆ As an emission reduction measure (Voluntary stationary measures policy)



How can states currently address RE in SIPs?

- **Set-aside guidance**
 - ◆ **A pool of allowances that comes from within a state's NOx trading program budget**
- **Emissions baseline/projections guidance**
 - ◆ **Adjust baseline/projections**
- **Voluntary measures policy**
 - ◆ **May use up to 3% of the reductions needed**
 - ◆ **Must be consistent with SIP requirements**



How can states currently address RE in a SEP?

- Supplemental Environmental Project
 - ◆ *Not DOE State Energy Program*
- Can be part of an environmental enforcement settlement process
 - ◆ Entering into a SEP is voluntary upon the violator
 - ◆ Once part of settlement, required to be performed
 - ◆ The project would not otherwise be required to be performed
- States & local governments not bound by EPA SEP policy
 - ◆ unless state elects to use it or if EPA is a party of the settlement



Common Issues

- **What would constitute a reduction? (Baseline)**
 - ◆ Growth assumptions, penetration rates, other
- **Programs/policies**
 - ◆ Renewable portfolio standards, system benefit charge, financial incentive programs
- **Quantification, M&V**
 - ◆ modeling, protocols
- **Mechanism**
 - ◆ Cap - (baseline/projection, set-aside, output based)
 - ◆ Outside cap (baseline/projection, “ER measure”)



State Actions - SIPs

- **Six states developed/developing EE/RE set-aside**
 - ◆ IN, OH, MD, MA, NY, NJ
 - ◆ Sizes range from 410 to 1,241 tons of NO_x
- **Western States Regional Haze SIPs**
 - ◆ 10/20 Goals
 - ◆ Pollution Prevention Forum - RE/EE Analysis
 - ◆ RE/EE Policies
- **Washington Ozone SIP**



State Actions - SEPs

- **Renewable Energy**
 - State of Maryland - Solar power (photovoltaic) - \$75,000
 - ◆ Utility installed PV installation at three public buildings
- **Energy Efficiency**
 - State of Colorado - EE - \$55,400
 - ◆ Manufacturer performed an EE assessment at its facility and installed motion light detectors and energy efficient lights
- **Alternative Fuels**
 - State of New Jersey and EPA - Truck stop electrification - \$1 million
 - ◆ An oil refinery partially funded the installation of electrical hookups to eliminate diesel emissions from idling trucks



EE/RE Set-Aside Products

- **Guidance for establishing set-aside program**
- **Report**
 - ◆ summarizes state programs
 - ◆ summarizes EPA guidance
- **M&V document**
- **Products out Winter 2004**



EPA SEP Toolkit

- **Toolkit designed for State & Locals use of SEPs, focusing on EE/RE SEPs.**
- **Contents**
 - ◆ **Introductory Information**
 - ◆ **Why EE/RE Projects are good SEP Projects**
 - ◆ **Examples & Project Ideas**
 - ◆ **9 Basic Steps to make SEPs routine**
 - ◆ **Barriers and Solutions**
 - ◆ **Resources & SEP Peer Exchange**
- **Toolkit availability Winter 2004**



SIP Credit Policy

- **Provide guidance on quantifying reductions from EE/RE measures**
- **Discuss issues with determining reductions from EE/RE for SIP purposes**
- **Framework for incorporating into SIPs**
- **Provide examples**
- **Projects vs. Programs/Policies**
- **Draft available Winter 2004**



Conclusion

- **There are opportunities, not easy**
- **Range of efforts that are helpful**
- **EPA is interested in helping**
 - ◆ **Technical/policy/outreach/education**
 - ◆ **OAR - OAP/OAQPS/OPAR/Regions**
 - ◆ **Collaboration w/ NREL**



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